

STATEMENT OF PURPOSE

RS29158 / H0448

This legislation repeals the sales tax on food sold for human consumption, using the definition of food products provided under the Federal Supplemental Nutrition Assistance Program (SNAP), excluding prepared food. To offset the reduction in sales tax revenue sharing amount to local units of government, the bill increases the revenue sharing percentage to the units and saves \$13 million which would have been transferred to transportation in revenue sharing.

FISCAL NOTE

For FY 2023, the total net impact to the General Fund is a decrease of \$256 million. This includes the loss in revenue from sales tax collections on food at \$269 million. Increasing the revenue sharing to local units of governments, from 11.5 percent to 12.9 percent is estimated to be \$30 million in payout from the sales taxes which also would have been paid out without this bill (so there is no effect on the general fund). There is approximately \$13 million for transportation revenue sharing reduction. The total impact to the General Fund nets to a decrease of \$256 million.

Regarding local governments, the local revenue sharing distribution of state generated sales taxes is increased by a percentage sufficient to entirely offset the reduction in revenue sharing due to the reduction in sales tax collections. There will be minimal changes to local government revenues.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).